

Message Text

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ORIGIN NEA-12

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 L-03 PA-04 USIA-15

PRS-01 NSC-10 SS-20 STR-08 CEA-02 AGR-20 H-03 /175 R

DRAFTED BY NEA/PAB:LBLESSER:MRC

APPROVED BY NEA:LBLAINGEN

NEA/PAB:PDCONSTABLE

EJBILLER

EB:PBARBIAN (INFO)

COMMERCE/BIC:DHENDESON (SUBS)

OPIC:AKRAMISH/CCOLE (SUBS)

EXIM:CHAMMOND (SUBS)

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TO AMEMBASSY DACCA

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E.O. 11652: N/A

TAGS: ETRA, ETRD, OVIP, BG

SUBJECT: VISIT OF COMMERCE MINISTER TO US

REF: DACCA 5029 AND PREVIOUS

SUMMARY: BDG MINCOM KAMARUZZAMAN'S VISIT, NOV. 11-18, WAS SOLID SUCCESS IN TERMS OF STYLE AND ARRANGEMENTS. MINISTER HAD ONLY A FEW SUBSTANTIVE MATTERS TO RAISE WITH USG AGENCIES, BUT HE PROVED GOOD LISTENER AND APPEARED TO PROFIT FROM HEARING VIEWS AND CONCERNS OF RESPONSIBLE USG OFFICIALS. HIS PROGRAM PUT HIM IN TOUCH WITH BROAD RANGE

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OF PEOPLE WITH INTEREST IN BANGLADESH, INCLUDING ESPECIALLY SEVERAL SENATORS AND CONGRESSMEN AND REPRESENTATIVES OF US PRIVATE SECTOR. END SUMMARY.

1. MINISTER OF COMMERCE AND FOREIGN TRADE KAMARUZZAMAN'S VISIT TO WASHINGTON WAS SUCCESSFULLY COMPLETED NOV. 14, AND MINISTER'S PARTY DEPARTED NOV. 15 FOR NEW YORK CITY VIA HANOVER, PA. IN WASHINGTON KAMARUZZAMAN CALLED ON FOLLOWING USG OFFICIALS:

A. COMMERCE SECRETARY DENT. KAMARUZZAMAN'S FIRST OFFICIAL CALL WAS ON HIS USG COUNTERPART. MEETING LASTED ALMOST ONE HOUR AND COVERED FULL RANGE OF BANGLADESH ECONOMIC ISSUES, CONCENTRATING ON TRADE MATTERS. SECRETARY DENT IMPRESSED KAMARUZZAMAN WITH FAVORABLE PROSPECTS FOR

JUTE DEMAND, ESPECIALLY IN LIGHT OF GROWING SHORTAGE OF RAW MATERIALS NEEDED FOR PETROCHEMICALLY-BASED SYNTHETIC COMPETITORS. KAMARUZZAMAN STATED, AND DENT AGREED, THAT NONETHELESS BANGLADESH MUST DIVERSIFY EXPORTS OVER TIME, WHILE ALSO STRIVING FOR SELF-SUFFICIENCY IN FOODGRAINS.

DENT OFFERED USE OF COMMERCE DEPT. PUBLICATIONS AND OTHER RESOURCES TO INFORM POTENTIAL JUTE CUSTOMERS OF AVAILABILITIES FROM BANGLADESH. HE ALSO SUGGESTED BDG MIGHT CALL ON COMMERCE FOR INFO. ON AMERICAN ENGINEERING AND CONSULTING FIRMS THAT MIGHT ASSIST IN PETROCHEMICAL OR OTHER INDUSTRIAL PROJECTS. ON OTHER SUBJECTS, KAMARUZZAMAN EXPRESSED BDG DESIRE THAT PREFERENTIAL TARIFFS BE EXTENDED TO BANGLADESH PRODUCTS, AND DENT REPLIED THAT TROPICAL PRODUCTS ARE ALREADY DESIGNATED FOR PRIORITY ATTENTION BY USG: THUS WE PERCEIVE NO PROBLEM IN RESPONDING SYMPATHETICALLY. KAMARUZZAMAN ALSO EXPRESSED BDG'S DESIRE NEGOTIATE BILATERAL TREATY OF FRIENDSHIP AND COMMERCE "TO PROVIDE UMBRELLA" FOR OUR COMMERCIAL RELATIONS. DENT REPLIED BY SHIFTING EMPHASIS TO BDG'S NEED TO CONDUCT BUSINESS ON BASIS OF MUTUAL CONFIDENCE BETWEEN SELLER AND BUYER. WHILE NOT EXCLUDING POSSIBILITY THAT SUCH A TREATY COULD BE ENTERED INTO, DENT IMPLIED THAT BANGLADESH'S PROBLEMS LIE ELSEWHERE AND THAT USG WILL IMPOSE NO OBSTACLES, WITH OR WITHOUT TREATY, TO EXPANSION OF TRADE BETWEEN OUR TWO COUNTRIES.

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RECIPROCATED VISIT AND DENT EXPRESSES THANKS BUT WAS NONCOMMittal AS TO ACTUAL INTENTIONS.

B. EXIMBANK VICE CHAIRMAN WALTER SAUER. DISCUSSION WAS CHIEFLY BROAD EXCHANGE ON BANGLADESH ECONOMIC SITUATION. KAMARUZZAMAN WAS AWARE THAT DACCA INTERCONTINENTAL HOTEL HAD BENEFITED FROM AN EXIMBANK LOAN EXTENDED IN PAST TO PAKISTAN. HE WAS PLEASED TO REPORT HOTEL IS OPERATING AT PROFIT AND CONTINUES UNDER AMERICAN MANAGEMENT.

C. OPIC PRESIDENT MARSHALL MAYS. BY HAPPY COINCI-

DENCE, KAMARUZZAMAN VISIT OCCURRED JUST AS OPIC HAD DECIDED IT MIGHT BE WILLING TO PROCEED WITH INCONVERTIBILITY INSURANCE ON GREYHOUND LEASING/TEMPLEWOOD AVIATION LEASE OF BOEING 707 TO BANGLADESH BIMAN. OPIC PROPOSAL HAS BEEN CONVEYED TO EMBASSY DACCA BY STATE 224717, AND MAYS OUTLINED POSITION TO KAMARUZZAMAN AT THEIR MEETING AND GAVE HIM COPY OF DRAFT NOTE ON SUBJECT (SENT VIA AIRGRAM TO DACCA). FOR HIS PART, KAMARUZZAMAN OUTLINED BDG INDUSTRIAL INVESTMENT POLICY, STRESSING WILLINGNESS TO PERMIT FOREIGN MANAGEMENT OF JOINT VENTURES, EVEN THOUGH FOREIGN PARTICIPATION

LIMITED TO 49 PERCENT. MINISTER REFERRED TO SECTORS WHERE BDG HAS SPECIFIC INTEREST IN ATTRACTING FOREIGN INVESTMENT, VIZ. FERTILIZER, TEXTILES (INCLUDING MAN-MADE FIBRES), AND SHIPPING, AND MAYS RESPONDED THAT OPIC MIGHT BE HELPFUL IN FIRST TWO OF THESE SECTORS. BELBAGCO CLAIM DISCUSSED AS ONE PRESENTLY UNDER ACTIVE CONSIDERATION BY ALL PARTIES. WHEN TOLD OF PLANNED VISIT BY COLE OF OPIC, KAMARUZZAMAN EXPRESSED INTEREST IN BEING INFORMED OF HER ARRIVAL IN DACCA. KAMARUZZAMAN WAS CLEARLY DELIGHTED WITH RESULTS OF HIS MEETING WITH OPIC. DETAILED MEMCON BEING AIRPOUCHED.

D. UNDER SECRETARY OF STATE CASEY, ASST. SECY. OF STATE ARMSTRONG, AND ACTING ASST. SECY. OF STATE DAVIES. ON NOV. 14 KAMARUZZAMAN CALLED ON DAVIES IN MORNING, REMAINED FOR LUNCH HOSTED BY ASST. SECY. ARMSTRONG, AND RETURNED TO DEPT. LATER FOR CALL ON CASEY.
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1. IN MEETING WITH DAVIES, KAMARUZZAMAN STATED BDG CASE FOR COOPERATION FROM DEVELOPED COUNTRIES TO ENABLE BANGLADESH TO DIVERSIFY TRADE AND INCREASE INDUSTRIAL CAPACITY. DAVIES IN HIS TURN SUGGESTED BDG CONCENTRATE EFFORTS ON SELLING TO US MARKET, INCLUDING THROUGH ESTABLISHMENT OF TRADE OFFICES. HE THEN SHIFTED DISCUSSION TO FOOD AND AGRICULTURE, ASKING HOW BDG DOING ON INCREASING PRODUCTIVITY AND IMPROVING DISTRIBUTION SYSTEM (INCLUDING ANTI-SMUGGLING MEASURES). KAMARUZZAMAN SAID BDG TAKING ALL POSSIBLE MEASURES AND THAT SO FAR THEY HAVE BEEN EFFECTIVE, BUT FOODGRAIN SHORTFALL WILL REMAIN SEVERAL MORE YEARS. HE THANKED USG FOR GENEROUS ASSISTANCE SINCE LIBERATION (A THEME STRUCK IN ALL MEETINGS WITH USG OFFICIALS) AND HOPED WE WOULD CONTINUE RESPONDING TO NEED. DAVIES POINTED OUT THAT US FACES SHORTAGES IN SOME COMMODITIES AND INCREASED WORLD DEMAND FOR FOODGRAINS, BUT THAT WE ARE PROVIDING WHAT WE CAN AND ARE ESPECIALLY OPTIMISTIC CONCERNING PL 480 VEGOIL.

2. ASST. SECY. (EB) ARMSTRONG THEN HOSTED LUNCHEON

AT DEPARTMENT, WHERE SENIOR GUESTS INCLUDED BD. AMB. HOSSAIN ALI, BD'S IBRD ALTERNATE EXECUTIVE DIRECTOR MATIUL ISLAM, COMMERCE ASST. SECY DOBBIN, OPIC PRESIDENT MAYS, NEA ACTING DEPY. ASST. SECY. LAINGEN, AND AID DEPY. ASST. ADMINISTRATOR FOR ASIA WHITE. IN EXCHANGE OF TOASTS KAMARUZZAMAN SAID EMPHATICALLY THAT HE HAD LONG BEEN AWARE OF AMERICAN GENEROSITY, PARTICULARLY DURING HIS TOUR AS MINISTER FOR RELIEF AND REHABILITATION, AND THUS HE CAME TO US WITH EXPECTATION OF MEETING WARM-HEARTED, SYMPATHETIC PEOPLE. HE COULD ASSURE USG THAT HE WAS NOT GOING AWAY DISAPPOINTED, THAT VISIT HAS BEEN GREAT SUCCESS.

3. FINAL MEETING WAS WITH UNDER SECRETARY CASEY, WHO ASKED INTER ALIA WHAT BDG WAS DOING TO ESTABLISH RECORD OF RELIABILITY TO ATTRACT FOREIGN CAPITAL AND INVESTMENT. IN PARTICULAR, HE ASKED THE STATUS OF CLAIMS ARISING OUT OF NATIONALIZATION OF FOREIGN PROPERTIES. KAMARUZZAMAN REPLIED THAT QUESTION PRESENTLY UNDER CONSIDERATION AND THAT ALTHOUGH POLICY NOT FULLY DECIDED HE WAS SURE BDG WOULD TAKE NO STEP TO DISCOURAGE INVESTORS. HE SUMMARIZED LIMITED OFFICIAL USE
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INDUSTRIAL INVESTMENT POLICY, STRESSING WILLINGNESS TO PERMIT FOREIGN MANAGEMENT OF JOINT VENTURES AND GUARANTEED REPATRIATION OF PORTION OF PROFITS. KAMARUZZAMAN ALSO EXPRESSED INTEREST IN BILATERAL TREATY OF COMMERCE AND FRIENDSHIP AND CASEY SAID USG WILLING TO LOOK INTO IT. AMB. ALI AND ECON. COUNSELOR MUHITH, WHO ACCOMPANIED KAMARUZZAMAN, OUTLINED FOODGRAIN NEEDS AND BDG DESIRE TO HAVE HANDICRAFT EXPORTS EXCLUDED FROM TEXTILE QUOTA. CASEY RESPONSE WAS GENERALLY SYMPATHETIC BUT NON-COMMITTAL.

2. IN ADDITION TO MEETINGS DESCRIBED ABOVE, KAMARUZZAMAN CALLED IN WASHINGTON ON SENATORS CHURCH, SAXBE, AND PERCY, AND ON CONGRESSMAN POAGE. HE ALSO SUBMITTED TO INTERVIEW WITH VOA. AMBASSADOR ALI GAVE WELL-ATTENDED RECEPTION IN HIS HONOR. WASHINGTON PROGRAM WAS BUSY, BUT MINISTER'S STAMINA PROVED EQUAL TO IT. IN SPITE OF FACT KAMARUZZAMAN SPOKE IN SOME MEETINGS OF HIS COUNTRY'S NEED FOR MORE PROJECT AND FOOD AID, NO EFFORT WAS MADE BY BANGLADESH EMBASSY TO ARRANGE APPOINTMENTS FOR HIM WITH USAID OR USDA.

3. ON NOV. 15 MINISTER'S PARTY LEFT BY CAR FOR NEW YORK BY WAY OF HANOVER, PA., WHERE THEY PLANNED TO VISIT REVONAH SPINNING MILLS. NEW YORK SCHEDULE INCLUDED MEETING WITH JUTE CARPET BACKING COUNCIL, JUTE AND BURLAP ASSOC., WATERMAN SHIPPING CO., AND LUNCHEON AT FAR EAST-AMERICAN CHAMBER OF COMMERCE. MEETING WITH AMERICAN LIFE INSURANCE CO. WAS REQUESTED, BUT COULD NOT BE ARRANGED BECAUSE APPROPRIATE ALICO OFFICERS UNAVAIL-

ABLE.

4. COMMENT: ALTHOUGH SUBSTANCE OF KAMARUZZAMAN'S MISSION IN US WAS RELATIVELY LIGHT, HIS VISIT CAN BE JUDGED ALTOGETHER SUCCESSFUL FROM USG STANDPOINT. MINISTER WAS CLEARLY IMPRESSED NOT ONLY BY EXCELLENT TREATMENT HE RECEIVED, BUT ALSO BY POINTS MADE BY USG OFFICIALS IN DISCUSSIONS WITH HIM. FOR EXAMPLE, AFTER HEARING SECY. DENT'S OPTIMISTIC FORECAST FOR JUTE KAMARUZZAMAN ADOPTED OPTIMISTIC TONE REGARDING JUTE IN HIS OWN SUBSEQUENT DISCUSSIONS. SIMILARLY, AFTER DENT EMPHASIZED DESIRABILITY OF BDG'S DIRECTING EFFORTS IN US TO MARKET RESEARCH AND LIMITED OFFICIAL USE

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AND SALES EFFORT RATHER THAN TO GOVT-TO-GOVT AGREEMENTS KAMARUZZAMAN ALL BUT COMPLETELY DROPPED MENTION OF DESIRE FOR TRADE TREATY FROM HIS PRESENTATION. ON THESE SUBSTANTIVE MATTERS USG SEEMS TO HAVE MADE USEFUL POINTS. IN ADDITION, KAMARUZZAMAN SAW VIVIDLY DURING HIS STAY THAT AMERICAN GOODWILL STILL BACKED BY MEANINGFUL ASSISTANCE, IN FORM OF VEGOIL AND OPIC SERVICES. WE CANNOT GUESS HOW MINISTER WILL PORTRAY VISIT TO HOME AUDIENCES IN BANGLADESH, BUT THERE IS ROOM FOR HOPE THAT HE WILL HAVE FOUND IT EDIFYING AND THAT ON HIS RETURN TO DACCA HE CAN PROVIDE INPUT OF GREATER REALISM TO BDG ASSESSMENTS OF USG POLICIES AND ATTITUDES. KISSINGER

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Message Attributes

Automatic Decaptoning: X
Capture Date: 11 MAY 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE LIBERALIZATION, TRADE, MINISTERIAL VISITS, FOREIGN ASSISTANCE, FOREIGN INVESTMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 21 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: collinp0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE229352
Document Source: ADS
Document Unique ID: 00
Drafter: NEA/PAB:LBLESSER:MRC
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731167/abqcejxs.tel
Line Count: 248
Locator: TEXT ON-LINE
Office: ORIGIN NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: DACCA 5029 AND PREVIOUS
Review Action: RELEASED, APPROVED
Review Authority: collinp0
Review Comment: n/a
Review Content Flags:
Review Date: 18 DEC 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18-Dec-2001 by kelleyw0>; APPROVED <07 MAR 2002 by collinp0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: VISIT OF COMMERCE MINISTER TO US
TAGS: ETRN, ETRD, OVIP, BG, US, (KAMARUZZAMAN)
To: DACCA
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005